

PROVINCE OF SASKATCHEWAN



2008

ANNUAL REPORT

MILK CONTROL BOARD

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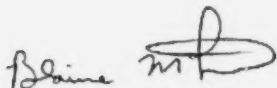
This annual report is also available in electronic format from the Milk Control Board web site at www.smcb.ca

Letter of Transmittal

The Honourable Brad Wall
President of the Executive Council
Province of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Milk Control Board
for the year 2008.

A handwritten signature in black ink, appearing to read "Blaine" followed by a stylized monogram or surname.

Blaine McLeod
Chairman

Board Members

The Board is comprised of four members appointed by the Lieutenant Governor-in-Council.

Chairperson

Mr. Blaine McLeod, Caronport

Members

Mr. Dale Strudwick, Balgonie
Mr. Alvin Schultz, Dalmeny
Dr. Robert Tyler, Saskatoon

Mandate and Mission

The Milk Control Board is a body corporate and exercises its responsibilities as set out in *The Milk Control Act, 1992*. The Board plays a central role in the formation and implementation of Saskatchewan dairy policy. The *Act* empowers the Board to make regulations or orders in relation to the production, supply, pricing or sale of milk and to inquire into or conduct hearings pertaining to any of the foregoing. The *Act* also allows the Board to enter into contracts and other agreements that the Board considers appropriate to carry out its responsibilities.

To reflect the Board's industry-wide mandate, members can be drawn from production, processing and consumption sectors.

The Board's mission is: to work in collaboration with producers, processors and various government agencies to develop and implement policies and programs which provide producers with the opportunity to obtain a fair return on their labour and investment, while providing consumers with an adequate supply of high quality dairy products at reasonable prices.

The Board strives to accomplish its mission by balancing and serving the interests of all dairy stakeholders – producers, processors, consumers and government.

Introduction

In 2008, a new continuous quota policy was adopted at the national level. Under the new system, provinces will be required to keep production within a flexibility window, which is measured based on quota allocation and production during the most recent twelve month period.

Provinces will be required to stay within this window on a monthly basis. This system replaces a system which had only two reconciliation periods per year. There will also be more strict disciplines to prevent over or under production.

This new quota management system was adopted to achieve a closely orchestrated national system, implemented by the provinces to achieve the national objective – that is, to supply 100 percent of the domestic market on a continuous basis, but not to create surpluses that do not have a market opportunity.

The implementation of the new national continuous quota policy has triggered a review of the provincial quota policy, which has two reconciliation periods per year. The Board will undertake a review of the provincial policy in 2009 to determine if there is opportunity for greater synergies with the national policy.

Producers took full advantage of the Milk Control Board's quota swapping and management programs in order to meet the challenges associated with national production requirements.

In 2008, the Western Milk Pool (WMP) boards initiated a study reviewing ways to improve the effectiveness of milk allocation to processors within the WMP and the transportation system. The results of this study will be available in 2009.

Marketing and Transportation

At year-end, the Board marketed milk to only one Saskatchewan processing plant operated by Saputo Inc. at Saskatoon.

Agrifoods International Cooperative Ltd. continued to serve as agent of the Board for the transportation of all milk produced in the province. This organization continued to improve raw milk pick up to increase efficiency. The average basic rate decrease during 2008 is presented in Table I.

In 2008, the cost to transport 233,567,850 litres of milk marketed amounted to \$4,597,425.54, or an average of \$1.97 per hectolitre, compared to \$1.98 per hectolitre the year previous. The transportation cost comparison is presented in Table I.

The Board acknowledges and appreciates the commitment of bulk milk transporters in achieving an efficient transportation system.

Milk Production and Utilization

There are two marketing structures for milk in Canada. Federal Government authority to regulate the marketing of fluid milk is delegated to the provinces. The Canadian Dairy Commission, a federal crown corporation, collaborates with the provinces in the administration of the supply management system for industrial milk.

Each province in Canada regulates the production and manufacturing of milk within its own borders and sets pricing procedure, quota policies and other regulations. Marketing activities related to industrial milk, which is manufactured into products that were shipped across provincial boundaries, were carried out according to the terms and conditions of a federal-provincial agreement, the National Milk Marketing Plan.

The year under review saw an increase in milk marketed by Saskatchewan milk producers. Producers shipped 233,515,852 litres of milk to the milk pool in 2008. This represented an increase of approximately 12 million litres, or 5.46 percent from 2007 (Table II).

Producers received a total value of \$173,848,738 in 2008, which represented a 9.31 percent increase from 2007.

The average number of milk producers decreased 3.27 percent, from 235 in 2007, to 227 in 2008. The average daily shipment per producer increased from 2,587 to 2,820 litres per day, an increase of 9.02 percent (Table II). Class 1 milk, or milk processed for Saskatchewan fluid consumption, amounted to 99,129,390 litres of milk in 2008. Total sales of milk and cream, in litres, were 96,738,183 (Table III).

The Canadian dairy industry operates on butterfat quotas, and on a "dairy year" basis, which runs from August 1 to July 31 of the following year. In Saskatchewan, producers shipped a total of 8,656,110 kilograms of butterfat during the 2007-2008 dairy year (Table IV), representing a utilization of approximately 99.31 percent of the provincial yearly quota allotment. The average butterfat test on all milk was 3.75 percent per hectolitre, a decrease from the 3.76 percent average from the previous year (Table V).

Producer Pools

The Saskatchewan fluid milk pool successfully completed its thirty-third year of operation.

The Board maintained a single milk pool system for both fluid and industrial milk. Under pooling, the Board has the responsibility for purchasing all milk from registered milk producers and selling it to the processor. Each producer was allocated a quota based on Saskatchewan's quota policy and designed to meet the province's quota needs.

Multiple Component Pricing (MCP) was implemented in Saskatchewan on August 1, 1999. This decision was in keeping with commitments made by Saskatchewan when the Western Milk Pool Agreement was signed in 1997. Under MCP producers receive the true value of the total solids in the milk they supply and processors pay according to the components they receive. For example, more protein in the milk enables processors to obtain a higher cheese yield and, therefore, the milk is priced accordingly.

Overall, MCP provides a mechanism for the dairy industry to be more market responsive as the demand for various components continues to evolve in the future.

In 2008, the price of Class 1 milk increased \$1.96 per hectolitre in April and September and by \$0.98 per hectolitre in January, June and August. The price adjustments were triggered by the Alberta pricing formula, the pricing mechanism agreed to by three provinces participating in the Western Milk Pool.

At the Federal level, the Industrial Target Return Formula price (Classes 2 to 5) was increased on two occasions, February 1 and September 1, 2008. As of the latter date, the support price for skim milk powder increased from \$5.985 to \$6.1125 per kilogram.

This pooling system is administered by the Canadian Dairy Commission and provides milk to food manufacturers and exporters at competitive prices. Returns for the milk sold as Special Class milk are pooled among all dairy producers in the ten provinces, which are signatories to the National Milk Marketing Plan.

Under the second pooling arrangement, known as the Western Milk Pool, the revenue from all milk sales (fluid and industrial) is pooled among the producers of British Columbia, Alberta, Saskatchewan and Manitoba. The agreement generates new opportunities, new challenges, and greater flexibility for processors in the four western provinces. It ensures producers a more predictable and stable environment and allows processors to rationalize their plants to improve efficiency and competitiveness.

During 2001, the Western Milk Pool Coordinating Committee took steps to further improve the operations of the Agreement by harmonizing Class 2 – 4 prices across the region. This measure, taken to further level the competitive playing field, came into effect on February 1, 2002.

Milk Control Board Activities

Milk Board members strive to accommodate the interests of producers, processors and consumers as well as other industry stakeholders.

The Board held eight meetings during the year as well as seven conference call meetings. Board members also spent numerous days attending various committee meetings, as well as maintaining contact with milk producers and industry organizations.

In an effort to effectively continue communications with milk producers, the Board held ten district meetings throughout 2008. These meetings provided producers with information on current issues regarding quota policies, Western Milk Pooling, National Continuous Quota Management and other issues the dairy industry should consider. The information obtained from these meetings assisted the Board in developing the appropriate policies and procedures for Saskatchewan's dairy industry.

Board members and other industry representatives attended four meetings of the Canadian Milk Supply Management Committee. In 2008 discussions were on-going in an effort to harmonize various provincial policies. A new quota management system, Continuous Quota Management, was also implemented.

The Western Milk Pool Coordinating Committee met four times in 2008. After close to three years of negotiations with processors, the four Western Milk Pool provinces agreed to a common pricing methodology for Class 1 milk. Western Milk Pool provinces continued to experience strong utilization of Class 1 milk in Western Canada. Throughout 2008, communication with producers has received a high priority to address the broad range of changes regarding producers. It has been especially important to keep producers abreast of developments and to respond to inquiries as the industry adjusts to new quotas, pricing and World Trade Organization rulings. The Saskatchewan Milk Control Board monthly newsletter is a publication that strives to provide information in a timely and concise manner. It serves to keep stakeholders informed of developments pertaining to marketing and other issues. Feedback indicates that this has been effective in improving the communication link between the Board and producers.

In addition to the monthly newsletter and special mail-outs, the Board operates a website that serves as a means of further strengthening communications with the industry's many stakeholders. The website also provides producers with individual quota management information and butterfat test results.

As part of its governance review, the Board members continued to assess the effectiveness of their performance throughout the year.

The Board would like to thank the staff for their continued dedication and support over the past year.

Legislation

The pricing of milk for fluid purposes is a Board responsibility. The Board's primary objective is to provide efficient producers and processors with a fair return to labour, management and investment. The Federal Government has jurisdiction over industrial milk pricing, which is administered through a federal-provincial agreement known as the National Milk Marketing Plan and the Comprehensive Agreement on Pooling of Milk Revenues.

Organizational Changes

During 2008, the Board continued to work on challenges associated with the operations of the Provincial Dairy Lab and the administration of milk quality regulations as a result of the transfer of these functions from Saskatchewan Agriculture in April 2006. The Board is hopeful that these challenges can be fully addressed in 2009.

In August, the Provincial Government appointed four new Board members, replacing the previous six-member Board. The new Board members appreciate the years of dedication and progress made by the former Board members. The previous Board, Chaired by Mr. Leonard Blocka, along with Mr. David Finlay, Vice-Chair, and members, Dr. David Christensen, Mr. Joe Guenther, Ms. Joanne Mortenson and Mr. Garf Stevenson, made significant progress in building a strong and vibrant dairy industry in Saskatchewan.

Board Finances

Financing of the operation of the Board was derived from assessment fees levied on producers and processors, processor license fees, quality penalties and interest on investments.

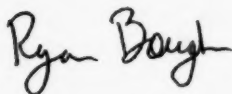
Management Report 2008

The Management of the Milk Control Board of Saskatchewan is responsible for the reliability and integrity of the accompanying financial statements and all other information in this Annual Report. It is the responsibility of management to prepare financial statements in accordance with Canadian generally accepted accounting principles.

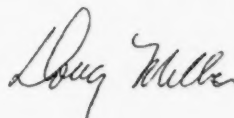
The Board of Directors is responsible for overseeing the business affairs of the Milk Control Board, including management's financial reporting responsibilities and for reviewing and approving the financial statements and other financial information included in this Annual Report. The Board meets with management and the Provincial Auditor to discuss matters related to financial processes, systems of control and compliance with governing authorities.

The integrity of the financial records from which these financial statements are prepared is largely dependent on the systems of internal accounting controls. The purpose of such systems is to provide reasonable assurance that transactions are executed in accordance with proper authorization, transactions are appropriately recorded in order to permit preparation of financial statements, and assets are properly accounted for and safeguarded against loss from unauthorized use. Underlying this concept of reasonable assurance is the fact that limitations exist in any system of internal accounting controls based on the premise that the cost of such controls should not exceed the benefits derived therefrom.

The financial statements have been audited by the Provincial Auditor Saskatchewan. The report to the Members of the Legislative Assembly stating the scope of the examination and opinion on the financial statements, appears on the following page.



Ryan Boughen
Chief Executive Officer
Regina, Saskatchewan
February 17, 2009 except for Note 9
which is as of October 29, 2009



Doug Miller
Administrative Officer

MILK CONTROL BOARD

FINANCIAL STATEMENTS

For the Year Ended December 31, 2008



SASKATCHEWAN

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Milk Control Board as at December 31, 2008 and the statements of operations, change in net financial assets and cash flow for the year then ended. The Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Milk Control Board as at December 31, 2008 and the results of its operations, the change in net financial assets and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
February 17, 2009 except for Note 9
which is as of October 29, 2009

Fred Wendel, CMA, CA
Provincial Auditor

**MILK CONTROL BOARD
STATEMENT OF FINANCIAL POSITION
As at December 31**

	<u>2008</u>	<u>2007</u>
FINANCIAL ASSETS		
Cash	\$ 2,857,064	\$ 2,045,963
Accounts receivable (Note 8)	<u>10,716,982</u>	<u>9,747,533</u>
	<u>13,574,046</u>	<u>11,793,496</u>
 LIABILITIES		
Accounts payable and accrued liabilities	<u>\$12,424,711</u>	<u>\$11,111,637</u>
Net financial assets (Statement 3)	1,149,335	681,859
 NON-FINANCIAL ASSETS		
Tangible capital assets (Note 3)	<u>353,337</u>	<u>383,433</u>
Accumulated surplus (Statement 2)	<u>\$ 1,502,672</u>	<u>\$ 1,065,292</u>

(See accompanying notes to the financial statements)

Statement 2

**MILK CONTROL BOARD
STATEMENT OF OPERATIONS
Year Ended December 31**

	Budget 2008 (Note 6)	Actual 2008	Actual 2007
Revenue:			
Milk sold to processors	\$168,000,000	\$165,475,835	\$158,179,883
Milk Pools (Note 4)	(1,000,000)	8,372,904	861,977
Milk Pool administration and assessment fees	970,219	1,007,525	954,777
Interest	181,500	147,960	181,590
Milk quality penalties	202,000	117,062	196,692
Licence fees and miscellaneous	<u>46,621</u>	<u>44,823</u>	<u>49,174</u>
	<u>168,400,340</u>	<u>175,166,109</u>	<u>160,424,093</u>
Expenses:			
Milk purchased from producers	167,000,000	173,848,738	159,041,860
Salaries	350,431	445,122	416,753
Milk pool administration expense	0	41,293	41,072
Disposal of unsaleable milk	160,000	29,209	153,245
Travel, sustenance and vehicle expense	126,525	93,045	118,843
Rent	51,809	49,772	48,066
Legal	30,000	12,338	26,681
Employee benefits	61,000	52,913	62,349
Honoraria	37,000	37,247	38,191
Administrative expense	79,467	54,703	63,694
Cost of production study	25,000	13,748	3,744
Amortization	<u>50,779</u>	<u>50,601</u>	<u>47,961</u>
	<u>167,972,011</u>	<u>174,728,729</u>	<u>160,062,459</u>
Surplus for the year	<u>\$ 428,329</u>	437,380	361,634
Accumulated surplus, beginning of year		<u>1,065,292</u>	<u>703,658</u>
Accumulated surplus, end of year - to Statement 1		<u>\$ 1,502,672</u>	<u>\$ 1,065,292</u>

(See accompanying notes to the financial statements)

Statement 3

MILK CONTROL BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended December 31

	Budget 2008 (Note 6)	Actual 2008	Actual 2007
Surplus for the year	\$ 428,329	\$ 437,380	\$ 361,634
Acquisition of tangible capital assets	0	(20,505)	(619)
Amortization of tangible capital assets	<u>50,779</u>	<u>50,601</u>	<u>47,961</u>
Increase in net financial assets	479,108	467,476	408,976
Net financial assets, beginning of year	<u>681,859</u>	<u>681,859</u>	<u>272,883</u>
Net financial assets, end of year	<u>\$ 1,160,967</u>	<u>\$ 1,149,335</u>	<u>\$ 681,859</u>

(See accompanying notes to the financial statements)

Statement 4

**MILK CONTROL BOARD
STATEMENT OF CASH FLOW
Year Ended December 31**

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities:		
Cash receipts from processors, interest and fees	\$ 174,196,659	\$158,331,012
Cash paid to producers, employees and board members	<u>(173,365,053)</u>	<u>(158,027,978)</u>
Cash flows from operating activities	831,606	303,034
Cash Flow from Capital Transactions:		
Purchase of tangible capital assets	<u>(20,505)</u>	<u>(619)</u>
Net increase in cash during the year	811,101	302,415
Cash position, beginning of year	<u>2,045,963</u>	<u>1,743,548</u>
Cash position, end of year	<u>\$ 2,857,064</u>	<u>\$ 2,045,963</u>

(See accompanying notes to the financial statements)

**MILK CONTROL BOARD
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008**

1. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The significant accounting policies are as follows:

a) Revenue Recognition

Revenue from milk sold to processors is recognized when milk is delivered to processors.

b) Tangible Capital Assets

Office furniture, office equipment, and the Milk Payment System (MPS) are recorded at cost less accumulated amortization.

Office furniture and office equipment are amortized over their estimated useful life using the straight-line method at 10% - 33% per annum. The MPS is amortized over its estimated useful life using the straight-line method at 10% per annum.

2. Incorporation

The Milk Control Board (Board) is continued as a body corporate under *The Milk Control Act, 1992* (Act). The Board has authority to make any regulations or orders in connection with the production, supply, distribution and sale of milk.

The Board is responsible under the Act for the control and regulation of the marketing of milk in the province. In fulfilling this responsibility, the Board operates a milk pooling system whereby the Board purchases all milk produced in the province and sells it to processors. The purchase price paid by the Board is based on the quality and quantity of milk shipped by producers and on the value of milk sold to processors. The value of milk sold to processors is determined by its final product use and prices established by the Board.

3. Tangible Capital Assets

	Cost	Accumulated Amortization	2008 Net Book Value	2007 Net Book Value
Office furniture and equipment	\$47,690	\$29,713	\$17,977	\$3,359
Milk Payment System	\$447,146	\$111,786	\$335,360	\$380,074
Total	\$494,836	\$141,499	\$353,337	\$383,433

4. Milk Pools

Effective August 1, 1995 (and continued August 1, 2003), the Board entered into an arrangement with its counterparts in Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Alberta, and British Columbia and the Canadian Dairy Commission (CDC). As of September 2006, Newfoundland and Labrador have signed on. This arrangement provides for pooling of revenues from sales of milk components in industrial and special classes of milk sold in domestic and external markets. CDC administers the Industrial and Special Class Pool.

Effective March 1, 1997, the Board entered into an arrangement with its counterparts in British Columbia, Alberta and Manitoba and CDC. This arrangement provides for pooling of all revenues from sales of Fluid Milk and Industrial Milk, including special classes, by producers to processors in the four western provinces. The purpose of the arrangement is to pool producer returns as if the western provinces constituted a single market. CDC administers the Western Milk Pool.

Based on each province's monthly utilization, CDC will either distribute a portion of, or require a contribution to, the Industrial and Special Class Pool and Western Milk Pool. The Board received contributions of \$8.373 million in 2008 and \$0.86 million in 2007 from the milk pools.

5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Board by virtue of common control or significant influence by the Government of Saskatchewan.

Routine operating transactions with related parties for phone, office supplies and employee benefits are recorded at the standard rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

	<u>2008</u>	<u>2007</u>
Expenses	\$ 67,120	\$ 62,897
Revenue	0	95,412
Accounts Receivable (Note 8)	722,072	391,879

In addition, the Board pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them and the terms of settlement are described separately in these financial statements and the notes thereto.

6. Budget

The Board approved the budget for the 2008 year on February 13, 2008.

7. Financial Instruments

a) Fair Value

The Board's financial instruments include accounts receivable and accounts payable and accrued liabilities. These financial instruments are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

b) Concentration of Credit Risk

The Board is subject to credit risk as all of the Board's milk sales are to one processor.

8. Accounts Receivable

	2008	2007
Processor Receivable	8,641,191	8,934,984
Pooling Receivable	1,282,809	320,105
Dairy Lab - Ministry of Agriculture (Note 9)	722,072	391,879
Other	70,910	100,565
Total	\$10,716,982	\$9,747,533

9. Provincial Dairy Lab

In the April 6, 2006 provincial budget, the Government of Saskatchewan directed the transfer of the Provincial Dairy Lab (Lab) and the responsibility for enforcing dairy regulations under *The Animal Products Act* to the Board, including 4 staff and approximately \$135,000 in assets. The Board obtained a legal opinion in 2007, which stated that it does not have the authority under its existing legislation to operate the Lab nor enforce the regulations. The legal opinion that the Board obtained was substantiated by independent legal counsel in 2008. As of December 31, 2008, the legal concerns were not resolved. The Board continues to administer the Lab on the Ministry's behalf in good faith until the legal concerns are resolved.

In December 2006, the Board increased its levies charged to the producers and processors by \$0.04/hecoliter to finance the Lab's operating costs. To December 31, 2008, these additional levies total \$378,630 (2007 - \$191,824) and the net operating costs of the Lab for activities carried out on behalf of the Ministry are \$722,072 (2007 - \$391,879).

At March 2009, the Ministry agreed to pay for the Lab's operating costs relating to activities carried out on behalf of the Ministry. Also, the Board and the Ministry agreed that additional levies would be refunded to the industry at some future date. As the date and terms of repayment are unknown, the Board has not recorded this amount as a payable at year end. At December 31, 2008, accounts receivable includes \$722,072 (2007 - \$391,879) related to Lab operating costs recoverable from the Ministry.

Table I (unaudited)

Transportation Volumes and Rates 2004 – 2008

<u>Year</u>	<u>Volume Transported (litres)</u>	<u>Average Rate \$/Per Hectolitre</u>
2008	233,567,850	1.97
2007	221,427,833	1.98
2006	214,611,633	2.02
2005	217,263,872	2.03
2004	218,643,243	2.19

Table II (unaudited)**Total Whole Milk Requirements, Total Production, Number of Producers and Daily Average Production per Producer - 2007 & 2008 (litres)**

<u>Month</u>	<u>Year</u>	<u>Whole Milk Requirements</u>	<u>Total Production</u>	<u>Number of Producers</u>	<u>Daily Average Per Producer</u>
January	2007	7,438,322	18,730,841	242	2,497
	2008	7,262,960	20,179,008	228	2,855
February	2007	6,563,348	17,097,310	241	2,534
	2008	6,930,678	18,859,244	228	2,852
March	2007	7,491,133	18,927,222	240	2,544
	2008	7,380,755	20,189,341	228	2,856
April	2007	7,227,452	18,287,886	238	2,561
	2008	7,776,746	19,349,553	227	2,795
May	2007	7,260,784	18,974,440	237	2,583
	2008	9,028,694	19,665,772	227	2,795
June	2007	6,688,293	18,544,723	237	2,608
	2008	8,203,132	19,165,398	227	2,814
July	2007	6,321,296	18,669,956	234	2,574
	2008	8,328,609	19,896,392	227	2,827
August	2007	7,285,452	18,390,175	230	2,579
	2008	8,279,132	19,600,134	227	2,785
September	2007	7,088,750	17,525,670	230	2,540
	2008	8,800,887	18,739,195	228	2,740
October	2007	7,541,569	18,363,117	229	2,587
	2008	9,231,590	19,109,775	227	2,716
November	2007	7,314,628	18,272,178	228	2,671
	2008	8,580,676	18,752,676	225	2,778
December	2007	7,607,137	19,644,316	228	2,779
	2008	9,325,531	20,009,364	223	2,894
TOTALS	2007	85,828,163	221,427,834	235	2,587
	2008	99,129,390	233,515,852	227	2,820
% Change		15.50%	5.46%	-3.27%	9.02%

TABLE III (unaudited)

Total Sales of Milk & Cream in Litres by Size of Container
January 1, 2008 – December 31, 2008

<u>Size of Containers</u>	<u>Year</u>	<u>Fluid *</u> <u>Products</u>	<u>% of</u> <u>Total</u>	<u>Cream *</u> <u>Products</u>	<u>% of</u> <u>Total</u>	<u>Total *</u> <u>Products</u>	<u>Total %</u>
20 litre	2007	497,140	0.63	0	0.00	497,140	0.59
	2008	472,200	0.52	0	0.00	472,200	0.49
10 litre	2007	61,580	0.08	1,404,120	29.17	1,465,700	1.75
	2008	79,790	0.09	1,689,240	32.50	1,769,030	1.83
4 litre	2007	56,108,880	71.02	0	0.00	56,108,880	66.94
	2008	68,502,524	74.83	0	0.00	68,502,524	70.81
2 litre	2007	15,574,694	19.71	0	0.00	15,574,694	18.58
	2008	15,305,848	16.72	0	0.00	15,305,848	15.82
1 litre	2007	4,509,919	5.71	1,574,730	32.71	6,084,649	7.26
	2008	4,781,491	5.22	1,764,310	33.94	6,545,801	6.77
500 ml	2007	1,024,539	1.30	1,413,322	29.36	2,437,861	2.91
	2008	1,020,497	1.11	1,426,561	27.44	2,447,058	2.53
250 ml	2007	1,146,845	1.45	167,066	3.47	1,313,911	1.57
	2008	1,299,314	1.42	171,312	3.30	1,470,626	1.52
200 ml	2007	75,204	0.10	0	0.00	75,204	0.09
	2008	0	0.00	0	0.00	0	0.00
125 ml	2007	0	0.00	0	0.00	0	0.00
	2008	74,125	0.08	0	0.00	74,125	0.08
Creamettes	2007	4,708	0.01	254,822	5.29	259,530	0.31
	2008	4,493	0.00	146,478	2.82	150,971	0.16
Totals	2007	79,003,509	100.00	4,814,060	100.00	83,817,569	100.00
	2008	91,540,282	100.00	5,197,901	100.00	96,738,183	100.00

*Consolidated sales from processors to the Saskatchewan market

Table IV (unaudited)

Total Kilograms of Butterfat Shipped in Saskatchewan by Month and Dairy Year

<u>Month</u>	<u>2003/2004</u>	<u>2004/2005</u>	<u>2005/2006</u>	<u>2006/2007</u>	<u>2007/2008</u>
August	618,332	682,384	672,106	640,810	667,630
September	624,484	655,806	646,754	636,500	665,512
October	655,501	686,414	682,394	678,800	719,105
November	649,967	666,103	664,009	676,423	714,166
December	674,951	697,978	717,299	706,748	762,672
January	684,064	706,230	737,050	708,536	768,423
February	645,190	636,937	668,413	644,603	716,725
March	697,791	704,756	739,566	714,926	762,835
April	681,723	674,493	681,423	685,381	724,084
May	697,966	705,291	673,844	700,518	729,870
June	665,504	670,658	633,742	673,607	702,639
July	673,567	679,104	628,452	678,216	722,448
Total	7,969,038	8,166,154	8,145,051	8,145,068	8,656,110

TABLE V (unaudited)**Provincial Average Tests for Butterfat, Protein & Other Solids tests
by Month - 2007 & 2008**

<u>Month</u>	<u>Year</u>	<u>Butterfat</u>	<u>Protein</u>	<u>Other Solids</u>
January	2007	3.7877	3.3631	5.5892
	2008	3.8080	3.3430	5.6906
February	2007	3.7755	3.3432	5.7123
	2008	3.8004	3.3411	5.7054
March	2007	3.7824	3.3246	5.6941
	2008	3.7784	3.3431	5.6990
April	2007	3.7477	3.3021	5.7068
	2008	3.7447	3.3329	5.7186
May	2007	3.6956	3.2647	5.7090
	2008	3.7114	3.3007	5.7171
June	2007	3.6356	3.2440	5.6845
	2008	3.6661	3.2800	5.6854
July	2007	3.6373	3.1885	5.6789
	2008	3.6310	3.2382	5.7015
August	2007	3.6304	3.2235	5.6858
	2008	3.6457	3.2523	5.6981
September	2007	3.7974	3.3460	5.6471
	2008	3.7534	3.3431	5.6994
October	2007	3.9160	3.4257	5.6494
	2008	3.8284	3.3945	5.6875
November	2007	3.9085	3.4154	5.6732
	2008	3.8693	3.4023	5.6810
December	2007	3.8824	3.3907	5.6694
	2008	3.8401	3.3804	5.6884
Weighted Ave. Tests	2007	3.7664	3.3201	5.6833
	2008	3.7561	3.3289	5.6977
% Change		-0.27	0.27	0.025

